

From: Wayne Hedberg
To: Minerals
Date: 1/8/04 1:58PM
Subject: Basin Perlite update - Pearl Queen Mine (M/001/027)

I received a voicemail message from Tim Hall on 1/8/04 advising us that Bill Wilson had effectively resigned from Basin Perlite effective January 1/2004. Tim is now shouldering all of Mr. Wilson's duties. He wanted to follow up with us on status of the bonding situation.

I returned his call and we discussed the details/options of our 12/30/03 letter which outlined our response to their latest bond replacement proposal. He said he would propose option #1 to his Board of Directors. This option would require sufficient bond to cover all existing disturbances and a 12-mth buffer.

He asked if this could be renewed and the bond updated for another 12-mths upon the anniversary date. I said I couldn't guarantee this would happen and that we would need to renegotiate the bond renewal requirements at that time.

Mr. Hall said he would work toward having the additional bond in place by the February deadline.

CC: Mary Ann Wright; Steve Alder

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